

APPENDIX D TO PART 3500—AFFILIATED BUSINESS ARRANGEMENT DISCLOSURE  
STATEMENT FORMATAffiliated Business Arrangement Disclosure Statement FormatNotice

To: \_\_\_\_\_ Property: \_\_\_\_\_

From: \_\_\_\_\_ Date: \_\_\_\_\_  
(Entity Making Statement)

This is to give you notice that \_\_\_\_\_ [referring party] has a business relationship with \_\_\_\_\_ [settlement services provider(s)]. (Describe the nature of the relationship between the referring party and the provider(s), including percentage of ownership interest, if applicable.) Because of this relationship, this referral may provide \_\_\_\_\_ [referring party] a financial or other benefit.

[A.] Set forth below is the estimated charge or range of charges for the settlement services listed. You are NOT required to use the listed provider(s) as a condition for [settlement of your loan on] [or] [purchase, sale, or refinance of] the subject property. THERE ARE FREQUENTLY OTHER SETTLEMENT SERVICE PROVIDERS AVAILABLE WITH SIMILAR SERVICES. YOU ARE FREE TO SHOP AROUND TO DETERMINE THAT YOU ARE RECEIVING THE BEST SERVICES AND THE BEST RATE FOR THESE SERVICES.

<u>[provider and settlement service]</u>	<u>[charge or range of charges]</u>
_____	_____
_____	_____

[B.] Set forth below is the estimated charge or range of charges for the settlement services of an attorney, credit reporting agency, or real estate appraiser that we, as your lender, will require you to use, as a condition of your loan on this property, to represent our interests in the transaction.

<u>[provider and settlement service]</u>	<u>[charge or range of charges]</u>
_____	_____
_____	_____

## ACKNOWLEDGMENT

I/we have read this disclosure form, and understand that \_\_\_\_\_ [referring party] is referring me/us to purchase the above-described settlement service(s) and may receive a financial or other benefit as the result of this referral.

\_\_\_\_\_  
Signature

[INSTRUCTIONS TO PREPARER:] [Use paragraph A for referrals other than those by a lender to an attorney, a credit reporting agency, or a real estate appraiser that a lender is requiring a borrower to use to represent the lender's interests in the transaction. Use paragraph B for those referrals to an attorney, credit reporting agency, or real estate appraiser that a lender is requiring a borrower to use to represent the lender's interests in the transaction. When applicable, use both paragraphs. Specific timing rules for delivery of the affiliated business disclosure statement are set forth in 24 CFR 3500.15(b)(1) of Regulation X. These INSTRUCTIONS TO PREPARER should not appear on the statement.]

**Office of Asst. Sec. for Housing, HUD**

**Pt. 3500, App. E**

[61 FR 58477, Nov. 15, 1996]

**APPENDIX E TO PART 3500—ARITHMETIC STEPS**

*I. Example Illustrating Aggregate Analysis:*

**ASSUMPTIONS:**

Disbursements:  
 \$360 for school taxes disbursed on September 20  
 \$1,200 for county property taxes:  
 \$500 disbursed on July 25  
 \$700 disbursed on December 10  
 Cushion: One-sixth of estimated annual disbursements  
 Settlement: May 15  
 First Payment: July 1

**STEP 1—INITIAL TRIAL BALANCE**

	Aggregate		
	pmt	disb	bal
Jun .....	0	0	0
Jul .....	130	500	– 370
Aug .....	130	0	– 240
Sep .....	130	360	– 470
Oct .....	130	0	– 340
Nov .....	130	0	– 210
Dec .....	130	700	– 780
Jan .....	130	0	– 650
Feb .....	130	0	– 520
Mar .....	130	0	– 390
Apr .....	130	0	– 260
May .....	130	0	– 130
Jun .....	130	0	0

**STEP 2—ADJUSTED TRIAL BALANCE**

[Increase monthly balances to eliminate negative balances]

	Aggregate		
	pmt	disb	bal
Jun .....	0	0	780
Jul .....	130	500	410
Aug .....	130	0	540
Sep .....	130	360	310
Oct .....	130	0	440

**STEP 1—INITIAL TRIAL BALANCE**

	Single-item					
	Taxes			School taxes		
	pmt	disb	bal	pmt	disb	bal
June .....	0	0	0	0	0	0
July .....	100	500	– 400	30	0	30
August .....	100	0	– 300	30	0	60
September .....	100	0	– 200	30	360	– 270
October .....	100	0	– 100	30	0	– 240
November .....	100	0	0	30	0	– 210
December .....	100	700	– 600	30	0	– 180
January .....	100	0	– 500	30	0	– 150
February .....	100	0	– 400	30	0	– 120
March .....	100	0	– 300	30	0	– 90
April .....	100	0	– 200	30	0	– 60
May .....	100	0	– 100	30	0	– 30
June .....	100	0	0	30	0	0

**STEP 2—ADJUSTED TRIAL BALANCE—Continued**

[Increase monthly balances to eliminate negative balances]

	Aggregate		
	pmt	disb	bal
Nov .....	130	0	570
Dec .....	130	700	0
Jan .....	130	0	130
Feb .....	130	0	260
Mar .....	130	0	390
Apr .....	130	0	520
May .....	130	0	650
Jun .....	130	0	780

**STEP 3—TRIAL BALANCE WITH CUSHION**

	Aggregate		
	pmt	disb	bal
Jun .....	0	0	1040
Jul .....	130	500	670
Aug .....	130	0	800
Sep .....	130	360	570
Oct .....	130	0	700
Nov .....	130	0	830
Dec .....	130	700	260
Jan .....	130	0	390
Feb .....	130	0	520
Mar .....	130	0	650
Apr .....	130	0	780
May .....	130	0	910
Jun .....	130	0	1040

*II. Example Illustrating Single-Item Analysis*

**ASSUMPTIONS:**

Disbursements:  
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 Cushion: One-sixth of estimated annual disbursements  
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